



***Program Compliance Office  
Cal Grant Program Review Report***

***2000-01 Award Year***

**California Maritime Academy  
Program Review ID#90200113400**

**200 Maritime Academy Drive  
Vallejo, CA 94590-0644**

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**Program Review Dates:** December 2002

**Auditor:** Nati DeGroot  
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**Report Approved by:** Charles Wood, Manager  
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## TABLE OF CONTENTS

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	<u>Page Number</u>
AUDITOR'S REPORT	
SUMMARY.....	3
BACKGROUND .....	3
OBJECTIVES, SCOPE AND METHODOLOGY .....	4
CONCLUSION .....	5
VIEWS AND RESPONSIBLE OFFICIALS .....	5
FINDINGS AND REQUIRED ACTIONS .....	6
ATTACHMENT A - STUDENT SAMPLE .....	8

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## AUDITOR'S REPORT

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**SUMMARY** We reviewed California Maritime Academy's administration of California Student Aid Commission (Commission) programs for the 2000-01 award year.

The institution's records disclosed the following deficiencies:

- Reconciliation Not Completed

**BACKGROUND** Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

A and B

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Public, Institution of Higher Education
- President: Dr. William Eisenhardt
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 600

B. Institutional Persons Contacted

- Ken Poet: Controller
- Chris Krzak: Director of Admissions and Outreach
- Christy Redford: Accounting Manager
- Karen Neal: Financial Aid Director
- Debbie Khoury: Student Personnel Technician, Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: None
- Financial Aid Programs: Federal: Family Education Loan Program, Direct Loan Programs, Work Study, Pell, Perkins, and SEOG  
State: Cal Grants A and B
- Financial Aid Consultant: None

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## AUDITOR'S REPORT (continued)

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### OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review will focus on, but not be limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Review the records and grant payment transactions from a sample of 15 students who received a total of 12 Cal Grant A awards and 3 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 51 recipients.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

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## AUDITOR'S REPORT (continued)

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<b>OBJECTIVES, SCOPE AND METHODOLOGY (continued)</b>	The names and social security numbers of the sample of student reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.
<b>CONCLUSION</b>	In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.
<b>VIEWS OF RESPONSIBLE OFFICIALS</b>	The review was discussed with agency representatives in an exit conference held on January 10, 2003. During the pre-exit process, the institution submitted ineligible funds and policies and procedures on January 13, 2003 that addressed all finings.

January 10, 2003

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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### F. FISCAL RESPONSIBILITY

#### **FINDING: Reconciliation Not Completed**

A review of institutional records revealed that Cal Grant funds were not reconciled for the 2000-01 award year.

#### **DISCUSSION:**

Institutions participating in Cal Grant programs are required to reconcile their accounts with the funds received from the Commission for each academic year. Institutions are directed to make all disbursements no later than September 30<sup>th</sup> following the award year (e.g., September 30, 2001 for the 2000-01 award year). Furthermore, participating institutions agree to use the advance funds solely for the administration of the Cal Grant programs. Upon receipt of Cal Grant funds from the Commission, the institution must determine and verify student eligibility prior to disbursing funds.

Should the institution's records of individual payments to eligible student be less than what the Commission paid, the institution must return the difference to the Commission. Additionally, the institution will bear the liability for payments not reported prior to the required reconciliation date.

For the 2000-01 award year, the Commission advanced and the institution reported \$84,738 in payments. Upon further examination of the institution's accounting records, it was determined that the institution disbursed a total amount of \$84,729 in Cal Grant funds. Of the \$84,729 disbursed, \$705 was not reported to the Commission prior to the 2000-01 year-end reconciliation. The unreported payments are unable to be reimbursed and are detailed in the following chart:

Student No.	CSAC Paid	School Paid	Unreported Payments
Y1	\$0.00	\$705.00	\$705.00
<b>TOTAL UNREPORTED PAYMENTS</b>			<b>\$705.00</b>

Total disbursements to be reimbursed by the Commission for the 2000-01 award year equaled \$84,024 (disbursed amount of \$84,729 less unreported payments of \$705). Therefore, the institution disbursed \$714 less than the amount advanced by the Commission (amount of CSAC advance \$84,738 less reimbursable payments of \$84,024) as illustrated in the chart below:

Student No.	CSAC Paid	School Paid	Undisbursed Payments
X1	\$714.00	\$0.00	\$714.00
<b>TOTAL UNDISBURSED PAYMENTS</b>			<b>\$714.00</b>

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## FINDINGS AND REQUIRED ACTIONS (continued)

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### REFERENCES:

California Education Code, 69535.5  
Institutional Agreement, Article III.B.  
Institutional Agreement, Article III.C.  
Cal Grant Manual, Chapter 6  
Cal Grant Manual, Chapter 9, page 9-6, 9-7, 9-11

### REQUIRED ACTION:

In response to this finding, the institution remitted the undisbursed funds in the amount of **\$714.00** for the 2000-01 award year on January 13, 2003

Furthermore, the institution submitted enhanced procedures and internal control measures that have been implemented to ensure that the institution reconciles its records as required by the Institutional Agreement and the Cal Grant Manual.

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**ATTACHMENT A - STUDENT SAMPLE**

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